



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

INVESTOR ALERT

05-13

Arnold Schwarzenegger, Governor

Wayne Strumpfer, Acting Commissioner

FOR IMMEDIATE RELEASE

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CALIFORNIA DEPARTMENT OF CORPORATIONS ADVISES INVESTORS TO BEWARE OF HURRICANE-RELATED SCAMS

SACRAMENTO, CA – In the wake of widespread devastation caused by Hurricane Katrina in Louisiana, Mississippi, Alabama, and Florida, the California Department of Corporations (Corporations) today warned investors to beware of opportunistic investment scams.

“Be aware of con artists who exploit tragic headlines to cash in on unsuspecting investors,” said acting California Corporations Commissioner Wayne Strumpfer.

“Investors should be patient and cautious when making decisions about their investments or finances related to this week’s tragedies,” Strumpfer said, noting that cold-calling telephone salespeople, advertisements, or Internet postings that tout investment pools or bonds to help hurricane victims, or supposed water-removal or purification technologies and electricity-generating devices should be a red flag for investors.

Strumpfer also urged investors to watch out for oil-and-gas scams given the current oil prices and the prospects of even higher prices following Katrina’s destructive path through Gulf of Mexico oil fields and refineries.

Recalling that many con artists exploited fears associated with the September 11 terrorist attacks and the Year 2000 computer bug to promote investments in precious metals, emergency preparedness scams and non-existent technology companies, Strumpfer urged investors to:

- Hang up on aggressive cold callers promoting hurricane-related or oil-and-gas investments, and ignore unsolicited e-mail or Internet messages discussing small companies with new hurricane-related technologies or products.
- Request written information that fully explains the investment.
- Use common sense. Pie-in-the-sky promises often signal investment fraud.
- Contact the California Department of Corporations, your state securities regulator, to check that both the seller and investment are licensed and qualified. If not, they may be operating

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illegally. To contact Corporations, call toll-free the consumer resource center at 1-866-ASK-CORP (275-2677) or visit www.corp.ca.gov.

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